



**OFFICE OF ATTORNEY GENERAL
MISSOURI OFFICE OF PROSECUTION SERVICES
FIVE YEARS ENDED JUNE 30, 2004**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-85
November 12, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

November 2004

The following problem was discovered as a result of an audit conducted by our office of the Office of Attorney General, Missouri Office of Prosecution Services (MOPS).

Two administrative assistants have access to the Executive Director's user ID and password for the state's accounting system (SAM II). Office personnel indicated this access allows documents to be approved and processed in a timely manner. As a result, the administrative assistants can approve payment documents that they have processed, without oversight or review by their supervisor. This situation circumvents the system controls that are provided by the SAM II system and increases the risk of unauthorized use and modification of data. MOPS has already implemented our recommendation.

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YELLOW SHEET

FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

Prosecutors Coordinators Training Council
and
Missouri Office of Prosecution Services
and
Honorable Jeremiah W. (Jay) Nixon, Attorney General
Jefferson City, Missouri 65102

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash and Investments of the General Revenue Fund-Federal, Missouri Office of Prosecution Services Fund, and Missouri Office of Prosecution Services Revolving Fund, and Statement of Appropriations and Expenditures of the various funds of the Missouri Office of Prosecution Services as of and for the years ended June 30, 2004, 2003, 2002, 2001, and 2000. These financial statements are the responsibility of the office's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting or the state's legal budgetary basis of accounting, which are comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash and investments of the General Revenue Fund-Federal, Missouri Office of Prosecution Services Fund, and Missouri Office of Prosecution Services Revolving Fund, and the appropriations and expenditures of the various funds of the Missouri Office of Prosecution Services as of and for the years ended June 30, 2004, 2003, 2002, 2001, and 2000, on the bases of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated August 2, 2004, on our consideration of the office's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying financial information listed as supplementary data in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the office's management and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.

An integral part of the office's funding comes from federal awards. Those federal awards are reported on in the State of Missouri Single Audit Report issued by the State Auditor's office. The single audit is conducted in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.



Claire McCaskill
State Auditor

August 2, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits: Kenneth W. Kuster, CPA
Audit Manager: Toni M. Crabtree, CPA
In-Charge Auditor: Norma L. Payne



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

Prosecutors Coordinators Training Council
and
Missouri Office of Prosecution Services
and
Honorable Jeremiah W. (Jay) Nixon, Attorney General
Jefferson City, Missouri 65102

We have audited the financial statements of the Missouri Office of Prosecution Services as of and for the years ended June 30, 2004, 2003, 2002, 2001, and 2000, and have issued our report thereon dated August 2, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of the Missouri Office of Prosecution Services are free of material misstatement, we performed tests of the office's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the Missouri Office of Prosecution Services we considered the office's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However,

we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the office's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Management Advisory Report.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weaknesses.

This report is intended for the information and use of the management of the Missouri Office of Prosecution Services and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

August 2, 2004 (fieldwork completion date)

Financial Statements

Exhibit A-1

OFFICE OF ATTORNEY GENERAL
MISSOURI OFFICE OF PROSECUTION SERVICES
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND INVESTMENTS
YEAR ENDED JUNE 30, 2004

	General Revenue Fund-Federal	Missouri Office of Prosecution Services Fund	Missouri Office of Prosecution Services Revolving Fund	Total (Memorandum Only)
RECEIPTS				
Court fees	\$ 0	366,739	0	366,739
Registration fees	0	0	90,024	90,024
Federal receipts	217,312	0	0	217,312
Interest	0	5,579	0	5,579
Miscellaneous	0	736	7,703	8,439
Total Receipts	217,312	373,054	97,727	688,093
DISBURSEMENTS				
Personal service	36,529	138,489	0	175,018
Employee fringe benefits	12,193	36,608	0	48,801
Expense and equipment	170,744	61,263	109,597	341,604
Real property lease	0	16,860	0	16,860
Cost allocation plan	0	3,586	850	4,436
Total Disbursements	219,466	256,806	110,447	586,719
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,154)	116,248	(12,720)	101,374
TRANSFERS				
Transfers to other funds	0	(1,093)	(532)	(1,625)
Total Transfers	0	(1,093)	(532)	(1,625)
RECEIPTS OVER (UNDER) DISBURSEMENTS AND TRANSFERS	(2,154)	115,155	(13,252)	99,749
CASH AND INVESTMENTS, JULY 1, 2003	6,622	303,090	35,891	345,603
CASH AND INVESTMENTS, JUNE 30, 2004	\$ 4,468	418,245	22,639	445,352

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

OFFICE OF ATTORNEY GENERAL
MISSOURI OFFICE OF PROSECUTION SERVICES
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND INVESTMENTS
YEAR ENDED JUNE 30, 2003

	General Revenue Fund-Federal	Missouri Office of Prosecution Services Fund	Missouri Office of Prosecution Services Revolving Fund	Total (Memorandum Only)
RECEIPTS				
Court fees	\$ 0	292,797	0	292,797
Registration fees	0	0	87,143	87,143
Federal receipts	480,139	0	0	480,139
Interest	0	4,453	0	4,453
Miscellaneous	0	0	4,186	4,186
Total Receipts	480,139	297,250	91,329	868,718
DISBURSEMENTS				
Personal service	66,684	100,362	0	167,046
Employee fringe benefits	24,161	22,185	0	46,346
Expense and equipment	380,064	22,859	94,584	497,507
Real property lease	6,586	9,879	0	16,465
Cost allocation plan	0	2,952	863	3,815
Total Disbursements	477,495	158,237	95,447	731,179
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,644	139,013	(4,118)	137,539
TRANSFERS				
Transfers to other funds	0	(345)	0	(345)
Total Transfers	0	(345)	0	(345)
RECEIPTS OVER (UNDER) DISBURSEMENTS AND TRANSFERS	2,644	138,668	(4,118)	137,194
CASH AND INVESTMENTS, JULY 1, 2002	3,978	164,422	40,009	208,409
CASH AND INVESTMENTS, JUNE 30, 2003	\$ 6,622	303,090	35,891	345,603

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-3

OFFICE OF ATTORNEY GENERAL
MISSOURI OFFICE OF PROSECUTION SERVICES
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND INVESTMENTS
YEAR ENDED JUNE 30, 2002

	General Revenue Fund-Federal	Missouri Office of Prosecution Services Fund	Missouri Office of Prosecution Services Revolving Fund	Total (Memorandum Only)
RECEIPTS				
Court fees	\$ 0	274,015	0	274,015
Registration fees	0	0	104,152	104,152
Federal receipts	546,014	0	0	546,014
Interest	0	2,568	0	2,568
Miscellaneous	0	2,820	0	2,820
Total Receipts	546,014	279,403	104,152	929,569
DISBURSEMENTS				
Personal service	66,684	102,451	0	169,135
Employee fringe benefits	22,515	22,883	0	45,398
Expense and equipment	492,419	40,671	86,380	619,470
Real property lease	6,586	10,224	0	16,810
Cost allocation plan	0	2,952	863	3,815
Total Disbursements	588,204	179,181	87,243	854,628
RECEIPTS OVER (UNDER) DISBURSEMENTS	(42,190)	100,222	16,909	74,941
CASH AND INVESTMENTS, JULY 1, 2001	46,168	64,200	23,100	133,468
CASH AND INVESTMENTS, JUNE 30, 2002	\$ 3,978	164,422	40,009	208,409

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-4

OFFICE OF ATTORNEY GENERAL
MISSOURI OFFICE OF PROSECUTION SERVICES
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND INVESTMENTS
YEAR ENDED JUNE 30, 2001

	General Revenue Fund-Federal	Missouri Office of Prosecution Services Fund	Missouri Office of Prosecution Services Revolving Fund	Total (Memorandum Only)
RECEIPTS				
Court fees	\$ 0	184,820	0	184,820
Registration fees	0	0	96,079	96,079
Federal receipts	364,424	0	0	364,424
Interest	0	3,935	0	3,935
Miscellaneous	0	3,076	340	3,416
Total Receipts	364,424	191,831	96,419	652,674
DISBURSEMENTS				
Personal service	50,513	102,286	0	152,799
Employee fringe benefits	15,590	22,588	0	38,178
Expense and equipment	246,657	64,619	78,999	390,275
Real property lease	5,496	6,608	0	12,104
Total Disbursements	318,256	196,101	78,999	593,356
RECEIPTS OVER (UNDER) DISBURSEMENTS	46,168	(4,270)	17,420	59,318
TRANSFERS				
Transfers to other funds	0	(990)	0	(990)
Total Transfers	0	(990)	0	(990)
RECEIPTS OVER (UNDER) DISBURSEMENTS AND TRANSFERS	46,168	(5,260)	17,420	58,328
CASH AND INVESTMENTS, JULY 1, 2000	0	69,460	5,680	75,140
CASH AND INVESTMENTS, JUNE 30, 2001	\$ 46,168	64,200	23,100	133,468

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-5

OFFICE OF ATTORNEY GENERAL
MISSOURI OFFICE OF PROSECUTION SERVICES
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND INVESTMENTS
YEAR ENDED JUNE 30, 2000

	General Revenue Fund-Federal	Missouri Office of Prosecution Services Fund	Missouri Office of Prosecution Services Revolving Fund	Total (Memorandum Only)
RECEIPTS				
Court fees	\$ 0	199,562	0	199,562
Registration fees	0	0	66,941	66,941
Federal receipts	20,500	0	0	20,500
Interest	0	2,511	0	2,511
Miscellaneous	0	310	0	310
Total Receipts	20,500	202,383	66,941	289,824
DISBURSEMENTS				
Personal service	0	99,285	0	99,285
Employee fringe benefits	0	22,131	0	22,131
Expense and equipment	25,500	65,505	64,829	155,834
Total Disbursements	25,500	186,921	64,829	277,250
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,000)	15,462	2,112	12,574
TRANSFERS				
Transfers to:				
General Revenue Fund-State	0	(4,736)	(40)	(4,776)
Other funds	0	(5,391)	0	(5,391)
Total Transfers	0	(10,127)	(40)	(10,167)
RECEIPTS OVER (UNDER) DISBURSEMENTS AND TRANSFERS	(5,000)	5,335	2,072	2,407
CASH AND INVESTMENTS, JULY 1, 1999	5,000	64,125	3,608	72,733
CASH AND INVESTMENTS, JUNE 30, 2000	\$ 0	69,460	5,680	75,140

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

OFFICE OF ATTORNEY GENERAL
MISSOURI OFFICE OF PROSECUTION SERVICES
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	2004			2003		
	Appropriation	Expenditures	Lapsed Balances	Appropriation	Expenditures	Lapsed Balances
GENERAL REVENUE FUND - FEDERAL						
Personal Service	\$ 123,248	36,529	86,719	122,420	66,684	55,736
Expense and Equipment	930,900	170,744	760,156	930,900	380,064	550,836
Total General Revenue Fund - Federal	1,054,148	207,273	846,875	1,053,320	446,748	606,572
MISSOURI OFFICE OF PROSECUTION SERVICES FUND						
Payment of real property leases, related services, utilities and systems furniture; and structural modifications - Expense and Equipment	34,506	16,465	18,041 *	9,879	9,879	0
Personal Service	147,724	138,490	9,234	116,452	100,362	16,090
Expense and Equipment	160,419	61,263	99,156	139,844	22,859	116,985
Total Missouri Office of Prosecution Services Fund	342,649	216,218	126,431	266,175	133,100	133,075
MISSOURI OFFICE OF PROSECUTION SERVICES REVOLVING FUND						
Expense and Equipment	150,000	109,597	40,403	150,000	94,584	55,416
Total Missouri Office of Prosecution Services Revolving Fund	150,000	109,597	40,403	150,000	94,584	55,416
Total All Funds	\$ 1,546,797	533,088	1,013,709	1,469,495	674,432	795,063

The accompanying Notes to the Financial Statements are an integral part of this statement.

* Biennial appropriations set up in fiscal year 2004 are re-appropriations to fiscal year 2005.

Exhibit B

OFFICE OF ATTORNEY GENERAL
MISSOURI OFFICE OF PROSECUTION SERVICES
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	2002			2001		
	Appropriation	Expenditures	Lapsed Balances	Appropriation	Expenditures	Lapsed Balances
GENERAL REVENUE FUND - FEDERAL						
Personal Service	\$ 122,420	66,684	55,736	80,000	50,513	29,487
Expense and Equipment	940,675	492,419	448,256	945,300	246,657	698,643
Total General Revenue Fund - Federal	1,063,095	559,103	503,992	1,025,300	297,170	728,130
MISSOURI OFFICE OF PROSECUTION SERVICES FUND						
Personal Service	116,452	102,451	14,001	115,927	102,286	13,641
Expense and Equipment	139,844	40,671	99,173	139,844	61,224	78,620
Total Missouri Office of Prosecution Services Fund	256,296	143,122	113,174	255,771	163,510	92,261
MISSOURI OFFICE OF PROSECUTION SERVICES REVOLVING FUND						
Expense and Equipment	110,000	86,380	23,620	80,000	78,999	1,001
Total Missouri Office of Prosecution Services Revolving Fund	110,000	86,380	23,620	80,000	78,999	1,001
Total All Funds	\$ 1,429,391	788,605	640,786	1,361,071	539,679	821,392

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

OFFICE OF ATTORNEY GENERAL
MISSOURI OFFICE OF PROSECUTION SERVICES
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

Year Ended June 30,			
2000			
	Appropriation	Expenditures	Lapsed Balances
GENERAL REVENUE FUND - FEDERAL			
Expense and Equipment	\$ 40,000	13,080	26,920
Total General Revenue Fund - Federal	40,000	13,080	26,920
MISSOURI OFFICE OF PROSECUTION SERVICES FUND			
Personal Service	111,668	99,849	11,819
Expense and Equipment	125,094	58,666	66,428
Total Missouri Office of Prosecution Services Fund	236,762	158,515	78,247
MISSOURI OFFICE OF PROSECUTION SERVICES REVOLVING FUND			
Expense and Equipment	90,000	63,428	26,572
Total Missouri Office of Prosecution Services Revolving Fund	90,000	63,428	26,572
Total All Funds	\$ 366,762	235,023	131,739

The accompanying Notes to the Financial Statements are an integral part of this statement.

Supplementary Data

Schedule 1

OFFICE OF ATTORNEY GENERAL
MISSOURI OFFICE OF PROSECUTION SERVICES
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

		Year Ended June 30,				
		2004	2003	2002	2001	2000
Salaries and wages	\$	175,018	167,046	169,135	152,799	99,849
Travel, in-state		35,781	34,098	39,285	46,310	38,973
Travel, out-of-state		8,625	7,377	7,813	10,031	11,958
Fuel and utilities		1,787	1,720	1,915	1,468	0
Supplies		23,620	12,505	12,195	11,919	14,124
Professional development		1,495	1,725	1,743	1,508	1,003
Communication services and supplies		3,629	3,337	109	1,811	0
Services:						
Business		0	0	0	5,231	74
Professional		40,090	164,889	212,165	123,077	7,250
Housekeeping and janitorial		1,512	1,512	1,512	1,134	0
Maintenance and repair		21,387	123,834	97,641	44,552	5,823
Equipment:						
Computer		49,848	3,116	5,832	73,277	492
Office		3,052	0	15,432	4,882	0
Other		4,372	1,908	210	430	0
Real property rentals and leases		16,715	10,004	100	1,737	2,720
Equipment rental and leases		12,712	7,968	11,895	11,862	8,034
Miscellaneous expenses		68,624	56,545	42,752	38,811	41,922
Rebillable expenses		5,434	2,498	11,268	8,840	2,801
Registration fee refunds		0	0	790	0	0
Program distributions		59,387	74,350	156,813	0	0
Total Expenditures	\$	<u>533,088</u>	<u>674,432</u>	<u>788,605</u>	<u>539,679</u>	<u>235,023</u>

Note: Certain classifications of expenditures changed during the four-year period, which may affect the comparability of the amounts.

The accompanying Note to the Supplementary Data is an integral part of this statement.

Schedule 2

OFFICE OF ATTORNEY GENERAL
MISSOURI OFFICE OF PROSECUTION SERVICES
STATEMENT OF CHANGES IN GENERAL CAPITAL ASSETS

All Funds	Furniture and Equipment	Motor Vehicles	Total
Balance, July 1, 1999	\$ 34,623	7,500	42,123
Additions	35,934	0	35,934
Dispositions	(2,397)	0	(2,397)
Balance, June 30, 2000	68,160	7,500	75,660
Additions	20,248	0	20,248
Dispositions	(5,275)	0	(5,275)
Balance, June 30, 2001	83,133	7,500	90,633
Additions	20,043	0	20,043
Dispositions	(1,286)	(7,500)	(8,786)
Balance, June 30, 2002	101,890	0	101,890
Additions	4,075	0	4,075
Dispositions	(16,287)	0	(16,287)
Balance, June 30, 2003	89,678	0	89,678
Additions	22,824	0	22,824
Dispositions	(18,005)	0	(18,005)
Balance, June 30, 2004	\$ <u>94,497</u>	<u>0</u>	<u>94,497</u>

Fund of Acquisition	Balance June 30, 2004
General Revenue Fund-Federal	\$ 34,090
Missouri Office of Prosecution Services Fund	60,407
Total All Funds	\$ <u>94,497</u>

The accompanying Note to the Supplementary Data is an integral part of this statement.

Notes to the Financial Statements and Supplementary Data

OFFICE OF ATTORNEY GENERAL
MISSOURI OFFICE OF PROSECUTION SERVICES
NOTES TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Notes to the Financial Statements:

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present only selected data for each fund of the Missouri Office of Prosecution Services.

Receipts, disbursements, and changes in cash and investments are presented in Exhibit A for the General Revenue Fund-Federal, Missouri Office of Prosecution Services Fund, and Missouri Office of Prosecution Services Revolving Fund. Appropriations from these funds are expended by or for the office for restricted purposes.

The "Total (Memorandum Only)" column is presented as additional analytical data. Because this column does not identify the restrictions that exist by fund, it should be read only with reference to the details of each fund.

Appropriations, presented in Exhibit B, are not separate accounting entities. They do not record the assets, liabilities, and equity or other balances of the related funds but are used only to account for and control the office's expenditures from amounts appropriated by the General Assembly.

Expenditures presented for each appropriation may not reflect the total cost of the related activity. Other direct and indirect costs provided by the office and other state agencies are not allocated to the applicable fund or program.

B. Basis of Accounting

The Statements of Receipts, Disbursements, and Changes in Cash and Investments, Exhibit A, prepared on the cash basis of accounting, present amounts when they are received or disbursed.

The Statements of Appropriations and Expenditures, Exhibit B, are presented on the state's legal budgetary basis of accounting. For years ended on or after June 30, 2001, expenditures generally consist of amounts paid by June 30, with no provision for lapse period expenditures unless the Office of Administration approves an exception. Amounts encumbered at June 30 must be either canceled or paid from the next year's appropriations.

However, the General Assembly may authorize continuous (biennial) appropriations, for which the unexpended balances at June 30 of the first year of the 2-year period are reappropriated for expenditure during the second year. Therefore, such appropriations have no lapsed balances at the end of the first year.

The cash basis of accounting and the budgetary basis of accounting differ from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Fiscal Authority and Responsibility

The office administers transactions in the funds listed below. The state treasurer as fund custodian and the Office of Administration provide administrative control over fund resources within the authority prescribed by the General Assembly.

General Revenue Fund-Federal: The office administers several programs financed wholly or partially by federal monies maintained in the state treasury in the Office of Attorney General's Federal Account. These federal monies may be received in advance, when related expenditures are made, or after they are made. Appropriations from this fund authorize disbursement of the office's federal monies.

Missouri Office of Prosecution Services Fund: This fund was established pursuant to Section 56.765, RSMo, to assist prosecuting attorneys in their efforts against criminal activity in the state. Court fees are assessed by courts in the state and are deposited into the fund. Expenditures are authorized by appropriation, and balances remaining in the fund are perpetually maintained for the purpose of the fund.

Missouri Office of Prosecution Services Revolving Fund: This fund was established pursuant to Section 56.765, RSMo, to receive funds from registration fees, federal and state grants, or any other source in connection with the purpose of the Missouri Office of Prosecution Services. Expenditures are authorized by appropriation, and balances remaining in the fund are perpetually maintained for the purpose of the fund.

D. Employee Fringe Benefits

In addition to the social security system, employees are covered by the Missouri State Employees' Retirement System (MOSERS) (a noncontributory plan) and may participate in the state's health care, optional life insurance, cafeteria, and deferred compensation and deferred compensation incentive plans. The optional life insurance and cafeteria plans involve only employee contributions or payroll reductions. The deferred compensation plan involves employee payroll deferrals and the deferred compensation incentive plan a state contribution for each employee who

participates in the deferred compensation plan and has been employed by the state for at least 1 year.

The state's required contributions for employee fringe benefits are paid from the same funds as the related payrolls. Those contributions are for MOSERS (retirement, basic life insurance, and long-term disability benefits); social security and medicare taxes; health care premiums; and the deferred compensation incentive amount.

Employee fringe benefits in the financial statements at Exhibit A are the transfers from the General Revenue Fund-Federal and Missouri Office of Prosecution Services Fund for costs related to salaries paid from those funds. Transfers related to salaries are not appropriated by agency and thus are not presented in the financial statements at Exhibit B.

2. Cash

The balances of the General Revenue Fund-Federal, Missouri Office of Prosecution Services Fund, and Missouri Office of Prosecution Services Revolving Fund are pooled with other state funds and invested by the state treasurer.

3. Article X Refunds

The transfers to the state's General Revenue Fund are the funds' applicable share of fiscal year 1998 refunds paid in fiscal year 2000 under Article X, Sections 16 through 24 of the Missouri Constitution.

4. Cost Allocation Plan

The Office of Administration calculated the state's costs of services provided by the Office of Administration, Department of Revenue, State Auditor, State Treasurer, and retiree health care to be allocated to the various state funds based on how the various funds create work for the agencies in the pools. Transfers were made from the Missouri Office of Prosecution Services Fund and Missouri Office of Prosecution Services Revolving Fund to the state's General Revenue Fund to cover each fund's share of the costs.

5. Reconciliation of Total Disbursements to Appropriated Expenditures

Disbursements on Exhibit A reconcile to appropriated expenditures on Exhibit B as follows:

General Revenue Fund - Federal					
Year Ended June 30,					
	2004	2003	2002	2001	2000
DISBURSEMENTS, EXHIBIT A	\$ 219,466	477,495	588,204	318,256	25,500
Employee fringe benefits	(12,193)	(24,161)	(22,515)	(15,590)	0
Real property lease	0	(6,586)	(6,586)	(5,496)	0
Lapse period expenditures:					
1999	0	0	0	0	(12,420)
EXPENDITURES, EXHIBIT B	\$ 207,273	446,748	559,103	297,170	13,080

Missouri Office of Prosecution Services Fund					
Year Ended June 30,					
	2004	2003	2002	2001	2000
DISBURSEMENTS, EXHIBIT A	\$ 256,806	158,237	179,181	196,101	186,921
Employee fringe benefits	(36,608)	(22,185)	(22,883)	(22,588)	(22,131)
Real property lease	(394)	0	(10,224)	(6,608)	0
Cost allocation plan	(3,586)	(2,952)	(2,952)	0	0
Lapse period expenditures:					
2000	0	0	0	(3,395)	3,395
1999	0	0	0	0	(8,871)
Accounts payable, June 30:					
1999	0	0	0	0	(799)
EXPENDITURES, EXHIBIT B	\$ 216,218	133,100	143,122	163,510	158,515

Missouri Office of Prosecution Services Revolving Fund					
Year Ended June 30,					
	2004	2003	2002	2001	2000
DISBURSEMENTS, EXHIBIT A	\$ 110,447	95,447	87,243	78,999	64,829
Cost allocation plan	(850)	(863)	(863)	0	0
Lapse period expenditures:					
1999	0	0	0	0	(1,345)
Accounts payable, June 30:					
1999	0	0	0	0	(56)
EXPENDITURES, EXHIBIT B	\$ 109,597	94,584	86,380	78,999	63,428

Note to the Supplementary Data:

6. General Capital Assets

During fiscal year 2001, the office converted its capital asset records to the Statewide Advantage for Missouri (SAM II) System. General capital assets are recorded at cost in the general capital assets account. General capital assets are depreciated on a straight-line basis using various useful life classifications and a salvage value of zero. Accumulated depreciation on general capital assets at June 30, 2004, was approximately \$36,600.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Finding

OFFICE OF ATTORNEY GENERAL
MISSOURI OFFICE OF PROSECUTION SERVICES
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of the Missouri Office of Prosecution Services as of and for the years ended June 30, 2004, 2003, 2002, 2001, and 2000, and have issued our report thereon dated August 2, 2004.

The following Management Advisory Report presents our finding arising from our audit of the Missouri Office of Prosecuting Service's financial statements.

Computer System Controls

The Missouri Office of Prosecution Services (MOPS) permits users to share user identification codes (IDs) and associated passwords, which allows employees unauthorized access to the Statewide Advantage for Missouri (SAM II) system.

Although all employees are issued confidential and unique user IDs, the two administrative assistants have access to the Executive Director's user ID and password. Office personnel indicated this access allows documents to be approved and processed in a timely manner. As a result, the administrative assistants can approve payment documents that they have processed, without oversight or review by their supervisor. This process circumvents the system controls that are provided by the SAM II system and increases the risk of unauthorized use and modification of data.

The office processes its financial accounting activity including budget, purchasing, revenues, and expenditures (on-line) using the SAM II system. The SAM II system includes numerous on-line screens for data entry, inquiry, or modification. The significance of the information processed through SAM II system requires that controls be in place to adequately restrict access to the system. To provide access control over SAM II, employees are assigned a unique user ID and password. The MOPS is responsible for determining what each user is allowed to do in SAM II, and grants these permissions by assigning specific access rights to each user ID. This control technique provides a method to limit employees' access rights, including data entry and document approval capabilities, to only functional areas of SAM II that are necessary for the employees to perform their assigned job duties. Therefore, controls over the issuance and maintenance of user IDs and access rights are critical to the effectiveness of system access controls.

To ensure that system controls are effective and employees are not accessing unauthorized system functions, all user IDs and passwords for the SAM II system should be kept confidential and not be shared.

WE RECOMMEND the MOPS require all user IDs and passwords be kept confidential and not be shared.

AUDITEE'S RESPONSE

We agree with the recommendation. The MOPS office oversees financial transactions and expenditures in a variety of ways, including review of all expenditures through the signature of both the Executive Director and Chair of the Prosecutor's Council, and review of financial statements by both the Executive Director and Training Council. The particular issue raised regarding SAM II access and authorizations has been resolved through the creation of a new workflow of authorization for the two administrative assistants. MOPS will require that all user IDs and passwords be kept confidential and not be shared.

This report is intended for the information and use of the management of the Missouri Office of Prosecution Services and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

STATISTICAL SECTION

History, Organization, and Statistical Information

OFFICE OF ATTORNEY GENERAL
MISSOURI OFFICE OF PROSECUTION SERVICES
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Missouri Office of Prosecution Services was established pursuant to Section 56.750, RSMo, "as an autonomous entity in the Missouri attorney general's office." Certain oversight responsibilities for the office are given to the Prosecutors Coordinators Training Council, of which the attorney general or his designees is a member. The primary purpose of this office is to assist the prosecuting attorneys throughout the state through training and other means in their efforts against criminal activity.

Elizabeth L. Ziegler served as Executive Director during the five years ended June 30, 2004, and continues in this position.

As of June 30, 2004, the Missouri Office of Prosecution Service employed four full-time employees and one part-time employee. An organization chart follows:

OFFICE OF ATTORNEY GENERAL
MISSOURI OFFICE OF PROSECUTION SERVICES
ORGANIZATION CHART
JUNE 30, 2004

